

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Jorgensen Conveyors, Inc.

Wisconsin Manufacturing Extension Partnership

Jorgensen Conveyors Moves Ahead with Lean Culture, Incentive Plan

Client Profile:

Jorgensen Conveyors, Inc. designs and manufactures conveyors and material handling equipment for the metalworking industries. The company is a leader in the OEM machine tool market in the U.S. and serves automotive, construction and agricultural equipment, aerospace, appliance and contract machine shops. Jorgensen Conveyors employs 100 people at its facility in Mequon, Wisconsin.

Situation:

Jorgensen Conveyors started their Lean journey a few years ago and had great success, cutting production time in half, dramatically reducing work in process, and increasing inventory turns. However, according to co-owner Chuck D'Amico, "We didn't continue making improvements. We had no real process for continuous improvement." The company felt outside assistance would help develop increased employee involvement in the Lean changes and the competitiveness of the OEM business. The company contacted the Wisconsin Manufacturing Extension Partnership (WMEP), a NIST MEP network affiliate, for help.

Solution:

WMEP worked with Jorgensen Conveyors to establish a Lean Incentive Plan, in this case a custom Lean gain sharing plan based on profitability. "We decided we needed to change the culture of the organization," said D'Amico, "so that continuous improvement would become a guiding principle." The plan's purpose was to make employees more aware of how on-time delivery, scrap, rework and other measurables affect profitability; more specifically, how their actions directly affect the company. To help illustrate this, large boards tracking progress were put in common areas, and monthly meetings were held to review the metrics and their impacts. When monthly goals are reached, employees can earn bonuses 12 to 13 percent above normal wages.

The next step was to create the teams that are the foundation of Lean Culture: a core team that supports continuous improvement, a steering team that drives implementation, and project teams that work on specific projects. The steering team first tackled Jorgensen's quote/order process. The paperwork for quotes and orders was stored in folders that moved from desk to desk. To understand exactly what was happening to the folders, they used Value-Added Flow Analysis, a process-focused tool that digs deep into a specific office function to document every step and every minute of time used in that process. They found that the folders were sitting in queue time ranging from 20 days to an extreme of 90 days. "We also found that the folder traveled a long way (1,425 feet)," said Greg Mursch, plant superintendent and QA manager for Jorgensen. "We were able to reduce the distance the folders traveled significantly with some pretty simple changes. It took a cross-functional team to really work through that." They are working now to fully automate the process, including using automated credit checking, scanning and saving documents electronically and using e-mail to route purchase orders. The steering team also chose 5S/Visual Workplace, to create a clean, well-organized workspaces. With two areas already completed and a third in progress, the goal is to clean

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and organize the entire plant. "Once we're organized, we can reduce travel time of product in the plant," said Mursch.

Results:

- * Increased sales by \$200,000.
- * Realized \$30,000 in cost savings.
- * Reduced queue time by 67 percent.
- * Reduced travel time of order/quote folders by 20 percent.

Testimonial:

"We recognize the world is a lot more competitive, and we need to continually improve to remain competitive. Using Lean Culture, the gain-sharing plan and other projects, all these efforts drive our continuous improvement."

Chuck D'Amico, Director of Operations